

## **Auctions For City Owned Real Estate**

### **Requirements**

- ▶ There are no income requirements for participation.
- ▶ Buyers can already own property; but cannot have any code violations or delinquent taxes on property owned within the City.
- ▶ Buyers are restricted to a maximum of 3 simultaneous projects on City-owned properties.
- ▶ All bids for structures begin at \$400 and bids for vacant land begins at \$50.
- ▶ A \$1,000 deposit for structures, \$50 for vacant land is required immediately after the conclusion of bidding to secure the bid.
- ▶ Deposits must be in the form of:

### **CASH, MONEY ORDER, or CERTIFIED CHECK ONLY**

### **Personal or Business checks WILL NOT be accepted.**

- ▶ Within two days of the auction, the high bidder must pay the balance of 25% of the purchase price plus an in-lieu of tax payment. (Example - High Bid \$10,000 - 25% of \$10,000 is \$2,500; in-lieu of tax payment is \$200. \$2,500 plus \$200 minus \$1,000 deposit = \$1,700 due within two days).
- ▶ Tax exempt organizations must waive their tax exempt status unless the property is within 500 feet of their existing tax exempt property.
- ▶ Buyers must pay the balance of the purchase price at closing.
- ▶ All vacant lot purchasers are required to submit a development proposal detailing their intended future use of the parcel within 30 days of the auction. Certain other auction properties may also require a development proposal.
- ▶ Buyers must not be considered a prohibited purchaser by the City of Rochester Division of Real Estate.

### **Be prepared**

All interested parties are encouraged to attend the Informational Meeting prior to each auction. At the meeting, potential bidders are provided with information regarding the auction process, any available City loans and grants and are encouraged to ask questions. City owned properties will be opened for viewing and a showing schedule will be available several weeks prior to the auction. The list of properties as well as the showing schedule can be obtained through this web site or at the Real Estate Office at City Hall, Room 028-B.

All properties for sale through the City auction are being sold "as is". We strongly advise prospective bidders to research properties prior to bidding. If you are interested in a property and do not have personal knowledge regarding construction or rehabilitation costs, you should arrange to have an inspector or professional contractor inspect the property with you. Do not bid on a property if you have not inspected it. If you are the high bidder for a property and pay your deposit of \$1,000 and subsequently decide not to go through with the sale, you will forfeit your entire deposit.

## **At the auction**

Auction registration begins one hour prior to the sale. You will be required to provide positive identification, proof of funds for the deposit of \$1,000 for each structure and \$50 for each vacant lot, your social security number and if you are bidding on behalf of a business, a Certificate of Incorporation and a Federal tax ID number.

If you are bidding on behalf of someone else, you must also provide their full name, address and social security number and a signed and notarized letter authorizing you to bid on their behalf, or proof that you have power of attorney.

Listen carefully to announcements made prior to the auction. All of the announcements take precedence over written materials in order to correct and update auction information prior to bidding.

## **Bidding**

Once the Auctioneer begins, the bidding will go relatively quickly. Bidders must pay close attention to ensure that they do not miss their opportunity to bid on a property. The Auctioneer will not say "going once... going twice..." Once the bidding stalls at a price, the auctioneer will allow one opportunity to raise the bid and if no one responds, he will announce that the property is sold and move on to the next property. Generally there are numerous properties to auction and we need to keep the Auction moving. It is important that bidders clearly raise their bidding paddle to ensure that their bid is recognized. Choose a seat or location with a clear view of the podium and in an area where the Auctioneer and spotters can see your bid. Subtle hand gestures or nods will not be recognized as bids in order to avoid "accidental purchases."

We ask that people keep their side conversations to a minimum. If you must talk please step outside the auction room to avoid disruption. All cell phone and pager ringers are to be turned off and discussions on cell phones must be conducted outside the auction room. If you are not bidding, please be courteous to those who need to hear the Auctioneer.

## **Sold**

Once a successful bidder has been awarded a property they must immediately proceed to the auction facilitator who will assign a contract writer and provide a property file. After the contract is completed, purchasers will be asked to proceed to the cashier who will accept the deposit and provide a receipt. If you are interested in bidding on additional properties, please inform the auction facilitator and he/she will hold all of the relevant property files for you. When finished bidding, the facilitator will assign all relevant property files to a contract writer who will then complete all the necessary paperwork for each property. Purchasers will then be required to provide deposit(s) to the cashier. Remember, auction sales are not contingent on financing. If you cannot pay for your purchase, you will lose your deposit(s).

The names of the second highest bidders will be recorded at the auction. In the event that the sale to the winning bidder does not close, the backup bidder will be offered the opportunity to purchase the property.

### **After the auction**

#### Within 2 days after the auction

- ▶ **Certificate of Occupancy** - with the exception of vacant land and sales that require a development proposal, purchasers are required to apply for a Certificate of Occupancy at the City Permit Office, Room 121B before paying the deposit. The paid receipt from the C of O application will be required when the balance of the deposit is due.
- ▶ **Deposit** - within 2 days of the auction, a balance of the 25% deposit and in-lieu of tax payment is due to room 028-B, the Division of Real Estate office in City Hall. The receipt provided to you at the auction will state the specific amount due and the deadline for payment. The in-lieu of tax payment collected from the buyer at this time will cover a 12 month period. The in-lieu taxes are based on the assessment of the land, rather than the full value assessment, this results in a temporary reduced tax rate for the purchaser while the property is being rehabilitated. After the purchaser takes ownership of the property, it will be come fully taxable.
- ▶ **Development Proposal** - Purchasers of properties that require a development proposal are not required to apply for a Certificate of Occupancy until their proposal is accepted and approved. All development proposals must be submitted within 30 days of the date of the auction. If a development proposal is required for a particular property, it will be indicated on advertisements, internet listings and at the auction. A copy of the development proposal outline will also be provided at the auction.

#### Council Approval

- ▶ All property sales must be approved by City Council. Once Council approves the sale of a property, the purchaser assumes care custody and control of the property. A letter will be sent to each buyer indicating that approval has been received and at that time, buyers are to arrange with City staff to have the City pad lock removed and install their own locks.
- ▶ **Buyers should NOT start work on the property at this time.** If for any reason the sale does not close, any investment made by the purchaser, including labor or materials, will not be reimbursed.

#### Conditional closing

- ▶ The City Law Department will contact purchasers to set up a conditional closing. Information regarding required documents and final amounts due will be provided to purchasers by the Law Department. Purchasers will be required to pay the balance of the purchase price at which time they are to begin rehabilitating the property. Buyers have 9 months from the date of closing to correct all code violations, complete rehabilitation and obtain a Certificate of Occupancy.

#### Completion of rehabilitation

- ▶ When a Certificate of Occupancy is issued, a copy is to be forwarded by the purchaser to the Division of Real Estate, 30 Church Street, Room 028-B, Rochester, NY 14614. The City Law Department will be notified and the deed will then be recorded in the purchaser's name. The Monroe County Clerk's Office will forward a copy of the recorded deed to the purchaser after it is recorded.